

July 27, 1975

Patent Function of American Home Products Corporation.

Information obtained from an interview with Dr. Victor Bellino, Assistant General Counsel and Chief Patent Counsel, June 24, 1975.

American Home Products Corporation is an association of fourteen operating divisions manufacturing and selling prescription drugs (\$824,000,000), package drugs (\$309,000,000), food products (\$495,000,000), and housewares and household products (\$555,000,000) making gross sales in 1974 of \$2,183,000,000.

Many of the products are covered by patents and trademarks. Consequently, the law department includes a fairly extensive patent and trademark division headed up by Dr. Bellino. (Dr. Bellino is an organic chemist who started as a patent liaison officer in Wyeth Laboratories, one of the AHPC operating divisions. He attended night school, eventually took a law degree, and started an in-house patent group at that time reporting to the vice president for R&D. In 1961 various patent and trademark groups became a part of the law department. Dr. Bellino moved to New York and became Chief Patent Counsel in 1970).

The patent and trademark organization consists of seven groups of which four are located outside of New York City in the offices of major operating divisions (see organization chart). Most patent filing and prosecution are done by these out-of-town groups at the division level. The New York office handles the trademark work, a limited amount of patent work, licensing, and most of the patent litigation. All of the business with the U.S. Patent Office is done by the in-house personnel. This includes prosecutions, interference proceedings, and minor litigations. Foreign patent filings are also done by the in-house groups dealing directly with legal firms or patent offices in the countries where the filing takes place. Much of the foreign filing is now being handled through the Taplow group which is located in London, U.K. Outside legal firms in the U.S.A. are used mainly for litigations relating to patent infringement (not interference proceedings).

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The following table summarizes AHPC patent department costs: total in-house budget for patents and trademarks was approximately \$1,500,000 in 1974.

Location	Patent	Trademark	Professional Staff
N.Y. Hdqtrs.	\$482,000	\$350,000	14 (Patent costs are mostly for licensing and litigation)
Wyeth Labs. Radnor, Pa.	250,000		5 (This group files approximately 100 U.S. applications per year of which 75-80 issue)
Ayerst Labs. Montreal	100,000		3 (Do all Canadian filings)
Ekco Products Franklin Park, Pa.	30,000	20,000	1 (Generate 5 to 10 patents per year. Also handles trademarks)
John Wyeth & Son London, U.K.	120,000	30,000	4 (Makes all foreign filings in "English Law" countries)

The patent portion of this program involves each year approximately 200 U.S. filings leading to 150 issued U.S. patents. In addition, foreign filings amount to between 300 and 400. In addition to these costs, they have outside costs for litigation and maintenance of foreign patents and trademarks amounting to approximately \$900,000 per year.

The decision with respect to foreign filings is made at a monthly case review which takes place in the International group at Wyeth Laboratories. The meeting is chaired by a vice president of Wyeth International because the costs of international filing are charged back to the International group.

The Wyeth Laboratory organization also has a patent committee which regularly reviews all invention records or disclosures coming from inventors in the Wyeth organization. This committee makes the decision whether or not patent applications are to be filed; it is the function of the law department patent group to carry out the mechanics of the filing. Dr. Bellino stresses that the patent and trademark division of the law department is a service function to the operating division on the one hand, and, of course, to the corporate organization on the other. The decisions regarding whether or

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not patents are to be filed are considered to be technical and business decisions which are the province of the operating company, not the Corporate Law Department.

This policy came about through a very painful and costly experience which took place in the period 1958-1962. At that time, all decisions to file were being made by the newly organized patent group in New York. In 1958, Wyeth Laboratories submitted a use patent proposal for a drug called prokotazine, one of the phenothiazines. The corporate patent counsel refused to file because he thought it unimportant. Eventually after more research the application was filed in 1962. It was then discovered that a conflicting patent had issued to Schering Drug Company. In the meantime, Wyeth had spent several million dollars in clinical trials and had obtained FDA approval for the drug. As a result, although Wyeth had the product, Schering had the patent and refused for six months to give Wyeth a license to make and sell. Since the decision to defer had been made by the chief patent counsel, management subsequently decided to dispense with his services. (He later became affiliated with Watson, Leavenworth, Kelton, and Taggart).

Dr. Bellino says that they try to file patent applications within three months from the date of invention. When really high priority items come along, he selects a speedy attorney and the application can usually be filed within 10 days. They have learned the lesson that in filing a patent, time is of the essence.

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